(c) what action Government propose to take/have taken against the said officer;

(d) the details in this regard; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR): (a) to (e) A general complaint alleging misuse of official position and levelling certain other charges against one of the Additional Commissioners of Income Tax in M.P region was received in September, 1977. This complaint did not specifically mentioned cases of corruption, malpractices and harassment to officials of the rank of Inspectors. Since the complaint was of unverificable nature, no action was taken.

**Utilisation of grant for West Bengal rural water supply**

3281. SHRI DAWALAMA: Will the Minister of FINANCE be pleased to state the details of the projected proposal of utilising 50 million D.M. Grant meant for West Bengal Rural Water Supply dated 5th July, 1996 A/L 9366261?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): A Financing Agreement was signed on 5.7.96 for a grant of DM 50 million between Government of India and Government of FRG (KfW) for Rural Water Supply Project, West Bengal. Government of West Bengal entered into a Project Agreement/Separate Agreement with KfW on 24th July, 1996. The estimated cost of the project is Rs. 148.59 crores. About 170 villages in district Birbhum and 120 villages in district Purulia are proposed to be covered with drinking water facilities under the project, covering a population of 310184 and 148313 respectively in these districts. The year of commencement is 1996 and the terminal date of the agreement is 30.12.2002. As per Department of Drinking Water Supply, the actual expenditure incurred under the project upto 31.3.1999 is Rs. 1683.34 lakhs. It may also be stated that Project No. A/L 9366261 dated 23.7.96 relates to Basic Health Project in Maharashtra. The number and date for the West Bengal Rural Water Supply Project is A/L 9565672 dated 5.7.96.

**Steps Taken by NABARD for improving Cooperative credit Institutions**

3282. SHRI LAJPAT RAI: Will the Minister of FINANCE be pleased to state:

(a) whether it is necessary for NABARD to insist on State Government's

Guarantee for investment credit and refinance to Banks covered under Section 11(1) of the Banking Regulation Act, 1949;

(b) whether it is necessary for NABARD to assist weak Cooperative Banks to overcome their difficulties; and

(c) if so, what steps are being taken by NABARD to improve financial health and standard of weak Cooperative Credit Institutions?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) National Bank for Agriculture and Rural Development (NABARD) has reported that under the law and practices of banking business, loans and advances are sanctioned/ released on the strength of certain securities. State Government Guarantee is obtained by NABARD for its refinance facilities to State Cooperative Banks (SCBs)/State Cooperative Agriculture and Rural Development Banks (SCARDBs) and any other financial institution approved by Reserve Bank of India (RBI) only in cases where the same is a statutory requirement or where the financial position of the constituent is unsatisfactory. District Central Cooperative Banks (DCCBs) whose real or exchangeable value of owned funds is not even Rs. 1 lakh as per the latest inspection of their books of account, are considered as not complying with the provisions of Section 11(1) of the Banking Regulation Act, 1949 (As Applicable to Cooperative Societies). Such banks are required to be placed under "D" class in audit and ordinarily not considered for sanctioned of any credit facility from higher financing agencies. However, NABARD has been sanctioning short term and medium term credit limits to such DCCBs with a view to ensure uninterrupted flow of credit at ground level in the area of operation of such DCCBs subject to certain conditions and against the security of State Government Guarantee to ensure, *inter-alia*, State Government's active involvement in the implementation of bank's action plan for complying with the said statutory requirements within the specified time frame.

(c) NABARD has taken several steps to improve the financial health and standards of weak cooperative credit institutions. Some of these *inter-alia*, include preparation of development action plans, deregulation of interest rate, preparation of State reform package, professionalisation of boards of SCBs and SCARDBs, prior consultation for appointment of Chief Executive Officers in Cooperative Banks, application of prudential norms, initiatives in human resources and organization development.